

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3247 - SB 3077

March 15, 2012

SUMMARY OF BILL: Requires any motor vehicle dismantler, recycler, or scrap metal processor to sign a statement indicating that a vehicle purchased for scrap is worth \$850 or less and that the vehicle is at least 10 years old. Requires such dismantlers, recyclers, and processors to obtain and maintain specific records concerning any vehicles purchased for scrap. Identifies multiple pieces of information required to be maintained and filed with the Department of Revenue (DOR) concerning vehicles purchased for scrap. Establishes procedures for any such dismantlers, recyclers, and processors filing required information with DOR. Requires DOR to report received information to the National Motor Vehicle Title Information System (NMVTIS) and make such information available to law enforcement agencies. Creates a Class E felony for the offense of forgery for any person who, with fraudulent intent, falsifies information provided to DOR.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$9,800/One-Time
\$96,500/Recurring
\$5,700/Incarceration***

Assumptions:

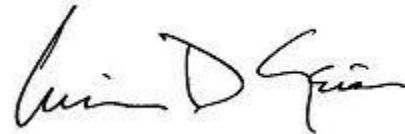
- According to the Department of Revenue, the Department receives thousands of crushed vehicle titles each year.
- Not all crushed vehicle titles are for vehicles which are at least 10 years old; however, it is assumed the majority are at least 10 years old. All are assumed to be valued at \$850 or less.
- Given the extent of information that will be received by DOR from dismantlers, recyclers, and scrap metal processors for each dismantled vehicle, and the potential for thousands of reports to be submitted to DOR each year, the Department will require two additional Revenue Audit Technician positions to collect, aggregate, and process the submitted information for the purpose of reporting such information to the National Motor Vehicle Title Information System.
- The recurring increase in state expenditures associated with the two positions is estimated to be \$96,472 (\$53,592 salaries; \$23,400 benefits; \$19,480 other). One-time state expenditures associated with these positions is estimated to be \$9,800 (computers, software, etc.).

- This bill broadens the offense of forgery to include a person who falsifies required statements, with intent to defraud, relative to motor vehicles sold to a motor vehicle dismantler and recycler. Forgery is punishable as theft pursuant to Tenn. Code Ann. § 39-14-105, but in no event shall forgery be less than a Class E felony.
- The Department of Correction (DOC) estimates one additional admission every five years as a result of this bill.
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. No significant incarceration cost increase will occur due to population growth in this period. The maximum cost in the tenth year, as required by Tenn. Code Ann. § 9-4-210, is based on one Class E offender every five years.
- According to DOC, the average operating cost per offender per day for calendar year 2012 is \$61.36. The average post-conviction time served for a Class E felony is 1.28 years (467.52 days) at a cost of \$28,687.03 (\$61.36 x 467.52 days). The annualized cost per year is \$5,737.41 (0.20 annual number of convictions x \$28,687.03).
- Due to the small number of offenders and the relatively short time served, no recidivism discount has been applied for these offenses.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/rnc